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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2000 to 30 June 2001 and proposed budget for the period from 1 July 2002 to 30 June 2003 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the performance report for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2000 to 30 June 2001 (A/56/813) and the proposed budget for UNDOF for the 12-month period from 1 July 2002 to 30 June 2003 (A/56/832). During its consideration of the reports, the Committee met with representatives of the Secretary-General and the Chief Administrative Officer of the mission, who provided additional information.

2. The United Nations Disengagement Observer Force was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and by the agreement on disengagement between Israeli and Syrian forces for an initial period of six months. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1381 (2001) of 27 November 2001, in which it extended the mandate of the Observer Force until 31 May 2002.

3. The Advisory Committee notes that amounts totalling $1,284.5 million have been assessed on Member States for the period from the Mission's inception until 15 February 2002, and that payments received total $1,259.6 million, leaving a shortfall of $24.9 million.

4. The Advisory Committee was further informed that cash balances as at 31 December 2001 amounted to $17.7 million. Troop-contributing countries have received payments totalling $155,826,398, covering the period from 1 December 1989 to 31 October 2001, and an estimated amount of $1,175,421 was still due for the period from 1 November 2001 to 28 February 2002 at the time of the Committee's hearings on the financing of the Observer Force in mid-March of 2002.

Performance report for the period from 1 July 2000 to 30 June 2001

5. The report of the Secretary-General on the financial performance of UNDOF for the period from 1 July 2000 to 30 June 2001 (A/56/813) also outlines the

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action to be taken by the General Assembly at its fifty-sixth session in connection with the financing of UNDOF.

6. As indicated in the report (ibid., para. 9 and table 2), total resources made available to UNDOF for the period from 1 July 2000 to 30 June 2001 amounted to $36,975,496 gross ($35,924,037 net), inclusive of $1,484,600 for the support account for peacekeeping operations and $244,100 for the United Nations Logistics Base at Brindisi, Italy. Expenditures amounted to $36,400,300 gross ($35,268,700 net), leaving an unencumbered balance of $575,100 gross ($655,300 net) — approximately 1.6 per cent of the amount appropriated. The Advisory Committee enquired about the appropriateness of including amounts for the support account for peacekeeping operations and for the United Nations Logistics Base at Brindisi when calculating the percentage of unencumbered balance in the financial performance reports as against appropriations. The comments of the Committee on this issue are contained in its general report on peacekeeping operations (A/56/887).

7. Upon enquiry, the Advisory Committee was informed that unliquidated obligations as at 31 December 2001 were reported at $3,033,234. Of that total, an amount of $1,521,508 was government-related, while $1,511,726 was non-government-related.

8. The Advisory Committee notes from table 2 of the report that overexpenditures are reported under military personnel ($588,900), other programmes ($19,600) and staff assessment ($80,200). Those overexpenditures are offset by considerable savings under operational requirements ($1,193,800) and civilian personnel ($70,000).

9. The Advisory Committee further notes that the savings realized are attributable mostly to civilian vacancies, which averaged 10 per cent for international staff compared with the full incumbency assumed in the budget, lower than budgeted requirements under rations because of the utilization of year-2000 stocks, favourable unit cost for vehicles purchased under the systems contract and lower requirements reported under vehicle spare parts and consumption of fuel. Those savings were utilized in large part to cover the urgent cost of replacing prefabricated buildings used as accommodations, which had exceeded their economic life and deteriorated to the point of becoming a health and safety hazard (ibid., para. 7). In this connection, the Committee notes the additional requirements of $796,000 reported under premises and accommodation for the replacement of prefabricated buildings as part of the UNDOF master plan for infrastructure improvement for the period 2001-2004 (ibid., annex I and annex II, para. 7; see also para. 20 below). The rest of the savings were used to cover additional requirements under local staff salaries, resulting from the salary increase effective 1 July 2000, which could not have been projected when the budget was prepared (see also para. 17 below).

10. Additional requirements amounting to $836,300, compared with the appropriated amount of $430,700 for the period, are reported under other requirements pertaining to military personnel. The Advisory Committee notes that this is due mostly to the unbudgeted obligation made for the settlement of anticipated claims of a troop-contributing Government for contingent-owned equipment and self-sustainment ($766,300) and higher than projected requirements to settle Governments' claims related to the previous financial period for injury, disability or illness of their contingent members ($70,000). As regards the overexpenditure on contingent-owned equipment, the Committee was informed that an obligation was created as a result of a troop contributor's offer for contingent-owned equipment and self-sustainment. However, since the memorandum of understanding was only signed on 1 October 2001, which does not fall within the period under review, the amount was liquidated, but it will be reported as savings on cancellation of prior period obligations in the next financial performance report.

11. The action to be taken by the General Assembly at its fifty-sixth session in connection with the financing of UNDOF is to decide on the treatment of the unencumbered balance of $575,100 gross ($655,300 net) for the period from 1 July 2000 to 30 June 2001 and on the treatment of other income for the period, which totals $2,264,000. **The Advisory Committee recommends that Member States be credited their respective shares of the unencumbered balance and other income for the period in question in a manner to be determined by the Assembly.**

Proposed budget for the period from 1 July 2002 to 30 June 2003

12. The cost estimates submitted by the Secretary-General in his report (A/56/832) amount to $38,991,800 gross ($38,072,000 net) for the period from 1 July 2002 to 30 June 2003. As indicated in that report, the proposed requirements represent a 12.9 per

cent increase in relation to the appropriation of $34,536,300 for the period from 1 July 2001 to 30 June 2002 (ibid., para. 2 and table 1). The increase in proposed resources is due to the establishment of three international staff posts, the continued replacement and upgrading of accommodations as required in the UNDOF three-year master plan and the acquisition and replacement of communication and observation equipment — also an integral part of the UNDOF modernization programme.

13. As indicated in the report, UNDOF, in order to carry out its mandate effectively, has initiated a modernization programme (ibid., paras. 13-16). The Advisory Committee was further informed that the resources contained in the proposed budget were based on this modernization programme, which does not alter the UNDOF mandate but which provides, instead, the maximum capability to fulfil it. The key components of the modernization plan are:

(a) A fresh approach to operations through the consolidation of some positions in the area of separation and enhancement of the mobility of the Force;

(b) The replacement of outdated facilities through a three-year master plan for infrastructure improvement (see paras. 19-20 below);

(c) The full integration of the military and civilian administration and the logistical components of the Force, including the integration of the Observer Group Golan of the United Nations Truce Supervision Organization with UNDOF operations.

14. An increase of $451,600, or 2.3 per cent, is shown under military personnel costs compared with the 2001/02 appropriation of $19,536,000. The net increase under this budget item results from additional requirements of $619,700, related mostly to standard troop cost reimbursement and clothing and equipment allowance, taking into account the provisions in General Assembly resolution 55/274 of 14 June 2001, offset by a decrease of $168,100 under other requirements pertaining to military personnel, resulting from the provision to cover potential claims for death, disability or injury of military personnel, based on past experience (ibid., annex I.C, paras. 1-5).

15. The proposed requirements under civilian personnel costs of $5,846,500 reflect an increase of $636,100, or 12.2 per cent, in relation to the current apportionment. The staffing requirements of the Observer Force provide for a total of 130 posts (41 international and 89 local), including 3 additional new posts (1 at the P-4 level for a Chief Civilian Engineer and 2 in the Field Service category for a Force Commander's driver and a general services assistant) (see A/56/832, para. 24).

16. The Advisory Committee was informed that the functions of the Chief Civilian Engineer were currently performed by military personnel who frequently rotate. The proposal is to establish this post in conjunction with the infrastructure renewal programme, thus assuring continuity in operations. As to the possibility of using local staff for the other two proposed posts, the Committee was informed that it would not be practical or advisable in view of the nature of the functions involved. **The Committee recommends acceptance of the proposal to establish the three new posts.**

17. The Advisory Committee was informed that, as at 28 February 2002, of the 38 international and 89 local authorized posts, 35 and 87 were encumbered respectively. The Committee notes that a 5 per cent vacancy rate factor had been applied to the international staffing requirements, as recommended by the Committee previously (see A/55/874/Add.1, para. 14), and that, based on past experience, no vacancy factor was applied to the local staffing requirements. The Committee was informed that there was a wealth of local qualified staff to draw upon when the rare vacancy occurs.

18. Account has been taken of the 5 per cent increase in local staff salaries effective as from 1 July 2001. In addition, a 5 per cent salary increase was also implemented effective 1 July 2000 (see A/56/813, para. 7). The Advisory Committee was informed, upon enquiry, that salary increases were implemented after the annual salary surveys were conducted by the United Nations Development Programme in the area. An amount of $15.93 per month, as a transport compensation element, is included in the local staff salary scales for UNDOF. Furthermore, the Committee was informed that as a special concession, transport was provided free of charge from Damascus to Camp Faouar. As to the relocation of UNDOF headquarters from Damascus to Camp Faouar in June 1994, which affected 64 local staff members, the Committee was informed that 63 of those staff members were still with UNDOF and that only one had resigned after coming back from a temporary duty station.

19. The estimated requirements for operational costs increase from $8,887,100 in the current budget period

(2001/02) to $12,088,900 during the period under review (2002/03) — a 36 per cent increase — including an amount of $7,660,900 for non-recurrent costs (A/56/832, table 1 and annex I.A). The Advisory Committee notes that the increase mostly reflects the funding requirements of the UNDOF modernization plan, mentioned in paragraph 13 above. A provision for $4,462,300 under premises and accommodation, including $3,505,000 for non-recurrent requirements, is incorporated for the infrastructure improvement project, in accordance with the three-year master plan (ibid., annex I.C, paras. 13-14). The increase in operational costs also includes a provision for $1,772,800 under communications related to the accelerated replacement programme, including $1,401,614 for non-recurrent requirements for the update of essential communication equipment (ibid., annex II.C). A provision for $1,600,600 under other equipment, including non-recurrent costs of $1,385,600, is requested for the replacement of data-processing equipment, including hardware and software, related to the upgrade and enhancement of the information technology infrastructure of the mission. These increases are offset by a decrease of $915,300 in the requirements for transport operations due to the scheduled replacement of fewer vehicles during the period in question.

20. The Advisory Committee recalls that it had commented briefly on the three-year construction plan (A/55/874/Add.1, para. 19) and that it had requested that detailed information, as well as total costs, be provided to the Fifth Committee. Upon enquiry, the Committee was informed that Headquarters had received the plan in September 2001, after the Advisory Committee and the Fifth Committee had reviewed the estimates for 2001/02. **The Committee regrets that, in spite of its request, the details and related costs were not submitted to the Fifth Committee. The Committee was finally provided with a copy of the master plan for infrastructure improvement during its consideration of the proposed budget.**

21. The Advisory Committee notes that the plan, which spans the years 2001 to 2004, has a total cost of $13,806,160. The Committee further notes that, of the total, an amount of $877,000 has already been charged to the 2000/01 financial period for the purchase of prefabricated buildings (see para. 9 above); an amount of $1,743,000 will be made available for the period 2001/02, through the budgeted provision of $310,000 (see A/55/778, annex I.C, para. 10) and intentional savings or redeployment of funds from the current construction account; an amount of $4,186,300 is included in the cost estimates for the period under review, specifically under premises and accommodation ($4,022,500) and civilian personnel ($163,800) for the Chief Civilian Engineer post, mentioned in paragraphs 15-16 above; and that the remaining balance ($6,999,860) will be included in the proposed budget for the period 2003/04.

22. **The Advisory Committee, nevertheless, requests that information on the progress made in implementing the modernization programme and the benefits to be achieved, including efficiency gains, be included in the report on the budget estimates for the period 2003/04.**

23. The Advisory Committee notes that UNDOF, in view of the level of its budget, does not meet the criteria for the establishment of a resident auditor. However, upon enquiry, the Committee was informed that the question of establishing a resident audit service for the Middle East in UNIKOM was under active consideration.

24. As to the objective-setting exercise, contained in section X of the proposed budget, the Committee is of the opinion that the objectives should have been defined as those of the various services implementing the modernization programme. The comments of the Committee regarding this exercise are contained in its general report on the financing of peacekeeping operations (A/56/887).

25. With respect to the action to be taken by the General Assembly at its fifty-sixth session in connection with the financing of UNDOF (see A/56/832, para. 3), **the Advisory Committee recommends approval of the Secretary-General's proposal that the Assembly appropriate the amount of $38,991,800 gross ($38,072,000 net) for the 12-month period beginning on 1 July 2002, to be assessed at the monthly rate of $3,249,316 gross ($3,172,666 net), subject to the extension of the mandate of the Force by the Security Council beyond 31 May 2002.**